



1H15 RESULTS PRESENTATION  
FEBRUARY 2015

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All references to the Pro forma results are to be read as unaudited. This presentation has been reported in Australian currency, unless otherwise stated.

All references to "Prospectus" contained within this document refer to the ACN prospectus lodged with ASIC on 26 November 2014. .



# TABLE OF CONTENTS

	PAGE
1	RESULT HIGHLIGHTS
2	1H15 PRO-FORMA PROFIT & LOSS SUMMARY
3	RUN-RATE ANALYSIS FOR FY15
4	1H15 STATUTORY PROFIT & LOSS SUMMARY
5	1H15 CASH FLOWS
6	1H15 BALANCE SHEET
7	ENROLMENT METRICS
8	FY15 OUTLOOK
9	FUTURE GROWTH OPPORTUNITIES

# RESULT HIGHLIGHTS

## 1H15 RESULTS PRESENTATION

# RESULT HIGHLIGHTS

Australian Careers Network is on track to meet prospectus guidance

- Reiterates prospectus guidance for pro forma FY15 EBITDA of A\$25.5M.
- 1H15 pro forma EBITDA for the period was A\$7.8M.
- Unaudited EBITDA for January of \$3.0M.
- Owned RTO segments continue to experience strong growth.
- Substantial NSW TAFE training partnership contract submitted for consideration.
- COVE enrolment run-rate continues to grow in line with expectations, with additional Latrobe Valley campus added.
- Debt facility close to finalisation.



# 1H15 RESULTS OVERVIEW

1H15 pro-forma profit and loss summary

(A\$M)	1H15 Pro Forma	1H14 Pro Forma	% Change on Prior Period	FY15 Pro Forma Guidance	% of FY15 Pro Forma Guidance
Revenue	22.3	12.8	74%	56.1	40%
EBITDA (underlying)	7.8	7.6	2%	25.5	31%
EBITA (underlying)	<b>7.4</b>	<b>7.6</b>	<b>-3%</b>	<b>25.1</b>	<b>30%</b>
NPATA	3.9	1.2	232%	18.4	21%
NPAT	3.0	1.2	161%	16.2	19%
EPSA	\$ <b>0.061</b>	\$ <b>0.024</b>	<b>156%</b>	\$ <b>0.22</b>	<b>28%</b>

Strong growth in student enrolments is a forward indicator of revenue generation in the second half. Based on business activity and student enrolments for January and February, the company is on track to meet prospectus guidance of \$25.5M EBITDA. Historically the business has a 1H/2H enrolment split of 40%/60%.



# RUN-RATE ANALYSIS FOR FY15

(A\$M)	Run-rate needed to meet FY15 prospect guidance	1H15 growth rate delivered	Ahead/behind?
Enrolments	36%	87%	Ahead
Operating revenue <sup>1</sup>	68%	74%	Ahead

## Revenue

- Enrolments are significantly ahead of budget.
- Operating revenue is meaningfully ahead of budget.

## Expenses

- 1H15 incurred significant up-front investment in compliance infrastructure, call centre staffing, trainers and business development.
- The incremental 2H15 'per month' fixed cost rate should moderate.



# 1H15 RESULTS OVERVIEW

## 1H15 statutory profit and loss summary

(A\$M)	1H15 Statutory	1H14 Statutory	% Change on Prior Period	FY15 Statutory Guidance	% of FY15 Statutory Guidance
Revenue	20.3	12.8	59%	47.9	42%
EBITDA (underlying)	7.6	7.6	-1%	22.5	34%
EBITA (underlying)	<b>7.3</b>	<b>7.6</b>	<b>-5%</b>	<b>22.2</b>	<b>33%</b>
NPATA	3.4	1.2	197%	15.7	22%
NPAT	2.6	1.2	124%	14.6	18%
EPSA	\$ 0.055	\$ 0.024	129%	\$ 0.19	29%

Revenue up 59% compared to prior corresponding period. Strong first half growth driven by increased student numbers, higher revenue per student from the core business and contributions from acquisitions.



# 1H15 CASH FLOWS

(A\$M)	Statutory 1H15
<b>EBITDA</b>	<b>5.8</b>
Change in working capital	-9.5
Change in other balances including taxes	1.2
<b>Operating cash flows before capex</b>	<b>-2.5</b>
Capital expenditure	
-Maintenance	-0.6
- Acquisitions / Expansion (Funded by IPO)	-5.0
<b>Total capital expenditure</b>	<b>-5.6</b>
<b>Operating cash flows after capex</b>	<b>-8.1</b>

## Working capital

- Total Working Capital increased by \$9.5M primarily due to increased accrued revenue from higher student enrolments partially offset by the increase in trade and other creditors.
- Revenue from course delivery is accrued evenly over the duration of the course. Cash receipts arise when the Company submits claims to the relevant funding body.
- This delivery structure often results in submissions for funding being heavily concentrated towards and after the latter part of the course leading to financial and accounting timing differences.

## Capital expenditure

- IPO funded acquisition of Training Experts Pty Ltd and Training Synergies Pty Ltd for \$4M.
- Other asset acquisitions and company restructure cost of \$1M.



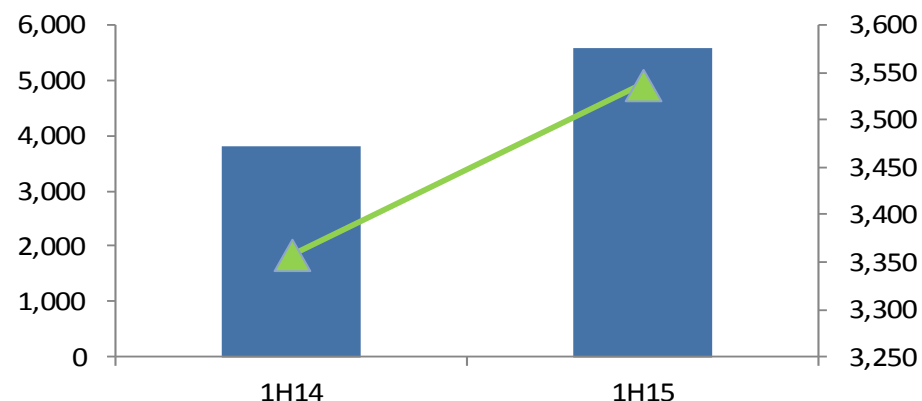
# 1H15 BALANCE SHEET

(A\$M)	Statutory Dec 2015	Statutory June 2014
Cash and cash equivalents	8.3	2.8
Trade and other receivables	19.1	5.8
Property, plant and equipment	3.7	0.2
Deferred tax assets	2.0	0.4
Intangible assets	34.9	0.4
Other assets	1.6	0.1
<b>Total assets</b>	<b>69.6</b>	<b>9.6</b>
Trade and other payables	8.5	6.3
Borrowings	0.9	0.0
Deferred tax liabilities	9.1	1.1
Provisions	0.5	0.1
<b>Total liabilities</b>	<b>19.0</b>	<b>7.5</b>
<b>Net Assets</b>	<b>50.6</b>	<b>2.2</b>

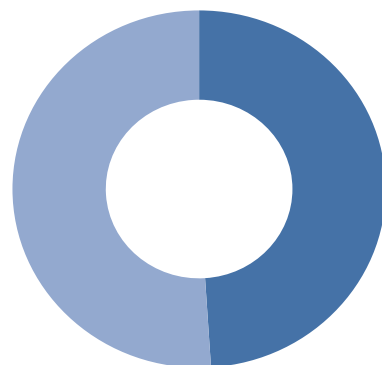
- Receivables reflect funding to be claimed for training delivered
- Increase in PP&E primarily reflects COVE.
- Intangible assets reflect acquisitions, with the largest component COVE.
- Strong unleveraged Balance Sheet with substantial cash in hand.
- In advanced negotiations for a debt facility.

# ENROLMENT METRICS

49% of prospectus FY15 enrolments were captured in 1H15



■ Enrolments (LHS)-Core Business  
▲ Revenue yield per student (RHS)-Core Business



■ Actual 1H15 enrolments  
■ 2H15F enrolments

## Enrolment growth

- The increase in student numbers has resulted from greater consumer awareness of the CTI brand, supported by growth in the student recruitment team and the addition of new course offerings.
- 2H15 enrolment growth will be driven by Phoenix acquisition, launch of online learning platform, new COVE La Trobe Valley campus, Metricon, and North Coast TAFE HoA.
- 1H15 delivered 49% of prospectus FY15 enrolments.
- Historical H/2H enrolment split 40%/60%.
- Core business revenue per student in 1H15 was \$3,537 (+5.3% y-y).

## Opportunities to improve yield








- Revenue yield per student is expected to increase in 2H15 due to:
  - Metricon
  - Phoenix acquisition/VET FEE-HELP
  - Online learning
- But not at the expense of Group completion rates



# FY15 OUTLOOK

# FY15 OUTLOOK

In the last ~6 months ACO has...

-  Passed all audits
-  Secured the first interstate TAFE training partnership - North Coast NSW
-  Secured a new major corporate client - Metricon
-  Become the largest government funded training provider in Victoria
-  Diversified revenue sources into VET FEE-HELP and Certigy student loans
-  Launched and filled a new campus for COVE
-  Launched its online learning platform aggregator, [mytimelearning.com.au](http://mytimelearning.com.au)

# FY15 OUTLOOK CONTINUED








Australian Careers Network is on track to meet prospectus guidance

- Exploring further interstate TAFE training partnerships
- Expansion of initial strategic foothold in VET FEE-HELP via Phoenix Institute acquisition
- Drive student uptake and qualification expansion of new online training platform, mytimelearning.com.au
- Considering strategic interstate acquisitions to deliver funding diversification and qualification scope
- Opportunities to expand existing corporate training contracts into other states
- Expansion of new COVE Latrobe facility into larger general training campus with broader scope
- Final dividend expectations – the company still anticipates a payout of between 60%-70% of NPATA



# FUTURE GROWTH OPPORTUNITIES

In the next ~6 months ACO will...

-  Diversify state revenue sources
-  Seek to secure further interstate TAFE training partnerships
-  Seek to secure further major corporate training contracts
-  Extend the CTI brand to NSW (potentially via major sponsorship initiatives)
-  Examine options for expansion into Queensland
-  Declare its first dividend
-  Explore investment opportunities in the wider Education value chain

